

EMPLOYEE PENSION TRUST

QUESTIONS

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2. TVA was of the opinion that the individual had to be able to transfer his Take Stock credits to the TVA annuity system as a requisite to IRS qualification of the voluntary trust. Is this true?

3. What are the basic minimum IRS requirements for qualification of a pension trust?

4. Is payroll deduction requisite to qualifying the CIA pension trust?

5. Is it correct that the SEC has now prohibited the practice of holding the buy orders of large mutual fund accounts if the next net value is down? I think the SEC has recently ruled that holding orders for the next rise are discriminatory to small purchasers.

6. The following provisions of the rules and regulations of the TVA Retirement System have been incorporated by reference in the "Terms and Conditions" of the TVA Take Stock Plan:

- a. Section 6D2 (Article 5, para 3.)
- b. Section 6D3 (Article 5, para 4.)
- c. Section 6B3 (Article 5, para 4.)
- d. Section 9A, para 5 (Article 6)
- e. Section 3, para 7 (Article 8, para 3.a.)
- f. Section 6D1 (Article 8, para 3.b.)
- g. Section 11, paras 7, 8, 9 (Article 8, para 3.c.)
- h. Section 12 (Article 8, para 3.d.)

What are these provisions and are they pertinent to a plan for a comparable CIA stock plan?

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7. Is the prohibition against the assignment or encumbrance of benefits an IRS requirement?

8. Will IRS negotiate the issue of starting the investment trust with lump sum payments by individuals?

9. Will IRS negotiate the limitation on percentage of salary going into tax exempt retirement funds?

10. Does IRS have any standards that would limit the types of employees who can participate, i.e., those in the Civil Service or CIA Retirement Systems, contract employees under Social Security, foreign national employees, or resident alien employees?

11. If an individual exercises the option to take his proceeds under a mutual fund installment plan, when and under what formula is tax liability imposed?

12. If an individual withdraws part of his savings from the pension trust but less than he has "paid in," what tax liability is there for gains at the date of withdrawal, if any?

13. Was the TVA provision permitting a retiree or survivor to place proceeds in the TVA pension fund required by IRS?

14. What are the basic legal documents necessary to:

- a. Establish a CIA pension trust?
- b. Establish CIA control over the trustees?
- c. Establish IRS qualification of the pension trust?
- d. Govern the relationship between the trustees and the chosen investment media?

15. If the CIA pension trust uses ~~multiple~~ multiple mutual funds or other investment media and permits individuals to shift their investments from one fund to another, does any tax liability accrue to the individual so long as his money remains in the trust?